

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)

Policies and Rules Implementing)
the Telephone Disclosure and Dispute)
Resolution Act)

CC Docket No. 93-22

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**COMMENTS OF THE
INFORMATION INDUSTRY ASSOCIATION**

The Information Industry Association ("IIA") hereby submits these comments in response to the Commission's Further Notice of Proposed Rule Making in this proceeding. In the Matter of Policies and Rules Implementing the Telephone Disclosure and Dispute Resolution Act, CC Docket No. 93-22, Order on Reconsideration and Further Notice of Proposed Rule Making (August 31, 1994) (hereinafter "Further Notice"). IIA applauds the Commission's efforts to strengthen consumer confidence in the domestic 800 number system and to reduce fraud and confusion related to pay-per-call services. In this regard, IIA supports the goals behind the proposed rules contained in the Further Notice, but encourages the Commission to adopt those rules in a manner that will enhance the continued provision of information services to the public.

BACKGROUND

IIA is a trade association of more than 500 companies engaged in the origination, maintenance and dissemination of information services and products. Our members range from some of the nation's largest corporations to small entrepreneurs. Included in this membership are local exchange carriers and an interexchange carrier

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providing 800 number services. In addition to these providers of telecommunications services, many of our members are large scale users of telecommunications services, both for collection of information and distribution of information to customers. IIA has been an active participant in previous Commission proceedings regarding pay-per-call services and notes that as providers and users of information services and 800 number services, IIA's members will be directly impacted by the Commission's proposed rules.

In this proceeding, the Commission has correctly identified a number of problems that consumers have encountered with pay-per-call services. As the Further Notice appropriately notes, "[t]he underlying purpose of both the [Telephone Disclosure and Dispute Resolution Act] and the Commission's pay-per-call regulations is to protect consumers from fraudulent and abusive practices associated with information services." Further Notice at Paragraph 23. Thus, the Commission has proposed modifications to its existing rules which would make it more difficult for information providers to structure their service offerings in a way that exempts them from the requirement that pay-per-call services be provided using 900 number access codes. In particular, the Commission has more explicitly defined the types of pre-existing arrangements between callers and information providers which may be used to authorize charges based on 800 number calls. Notwithstanding IIA's support for the concepts underlying the proposed rules, IIA offers the following suggested refinements.

**THE COMMISSION SHOULD NOT UNDULY RESTRICT
CONSUMER USE OF CREDIT CARDS**

IIA is pleased that the Further Notice and the Commission's proposed rules continue to recognize that consumer use of credit cards provides an appropriate safeguard against unauthorized billing of pay-per-call services. Nonetheless, IIA

cautions the Commission that the proposed rules not be drawn so narrowly as to restrict unnecessarily consumer use of credit cards.

Under the Commission's existing rules for pay-per-call services, an information provider may offer services using an 800 number access code if there is a pre-existing agreement that authorizes the imposition of charges to the caller's telephone bill or in some other manner. The Further Notice notes that consumers who pay for pay-per-call services with a credit card fall within the category of callers who have a presubscription or comparable arrangement that can be considered a pre-existing agreement between the caller and the information provider. See Further Notice at Paragraph 23 and n.28. As such, credit cards can be used for 800 number based pay-per-call services.

To prevent information providers from creating "instant" credit cards, which the Commission believes are undermining the existing rules, the Commission proposes to amend its rules to require that the credit card be "generally accepted for the purchase of consumer goods, entertainment, travel and lodging." Further Notice at Paragraph 29. Although IIA supports the Commission's attempts to eliminate sham credit instruments, IIA has concluded that the Commission's proposed rule may also rule out legitimate credit card relationships. For example, the proposed rule would eliminate the use of "house brand" credit cards which information service providers may choose to offer in the future. IIA suggests that the Commission would be able to achieve its goals with a narrower rule which does not enumerate the use of the card but merely requires that the issuance of the credit card predate the call to the information provider. In the alternative, the Commission could modify this proposed rule to require that the credit card be accepted for goods, entertainment, travel or lodging. Adopting this modified definition would permit the use of limited purpose credit cards, such as a department store credit card. By adopting these proposed

modifications, the Commission would still be able to eliminate fraud but, at the same time, retain legitimate credit vehicles which may serve the public interest.

CONCLUSION

In general, IIA supports the Commission's attempts to reduce fraud and strengthen consumer confidence in the 800 number access system. IIA urges the Commission to consider the above comments to strengthen the Commission's proposed changes by striking an appropriate balance between the need to protect consumers and public interest in continued availability of valued information services.

Respectfully Submitted,



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